

**LEGISLATIVE SERVICES AGENCY
OFFICE OF FISCAL AND MANAGEMENT ANALYSIS**

301 State House
(317) 232-9855

FISCAL IMPACT STATEMENT

LS 6780

BILL NUMBER: HB 1231

DATE PREPARED: Dec 31, 1998

BILL AMENDED:

SUBJECT: Restriction on state university contracting.

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FUNDS AFFECTED: X GENERAL
DEDICATED
FEDERAL

IMPACT: State

Summary of Legislation: This bill requires a state educational institution to give preference to an insurer or health maintenance organization domiciled in Indiana when entering into a contract for provision of health care coverage to students of the institution.

Effective Date: July 1, 1999.

Explanation of State Expenditures: Under current law, universities may contract with any insurance carrier for health coverage for its students. This bill would limit the insurance carrier to those domiciled in Indiana if the costs do not exceed by more than 30% the rates charged by carriers not domiciled in Indiana

Passage of this bill would likely only affect Indiana University, which has a mandatory program for certain students. IU pays approximately 80% of the student coverage for this plan. The plan is underwritten by an insurance company domiciled in Texas. Whether the costs would increase because IU would have to contract with a provider in Indiana is not known.

The future impact of this bill could increase the costs to state universities if they decide to directly contract with insurance carriers for health insurance coverage for students and the domiciled policies were more expensive than out of state providers.

Explanation of State Revenues:

Explanation of Local Expenditures:

Explanation of Local Revenues:

State Agencies Affected: State Institutions of Higher Education

Local Agencies Affected:

Information Sources: Indiana University, Ball State University, Indiana State University, Vincennes University, IVY Tech State College.